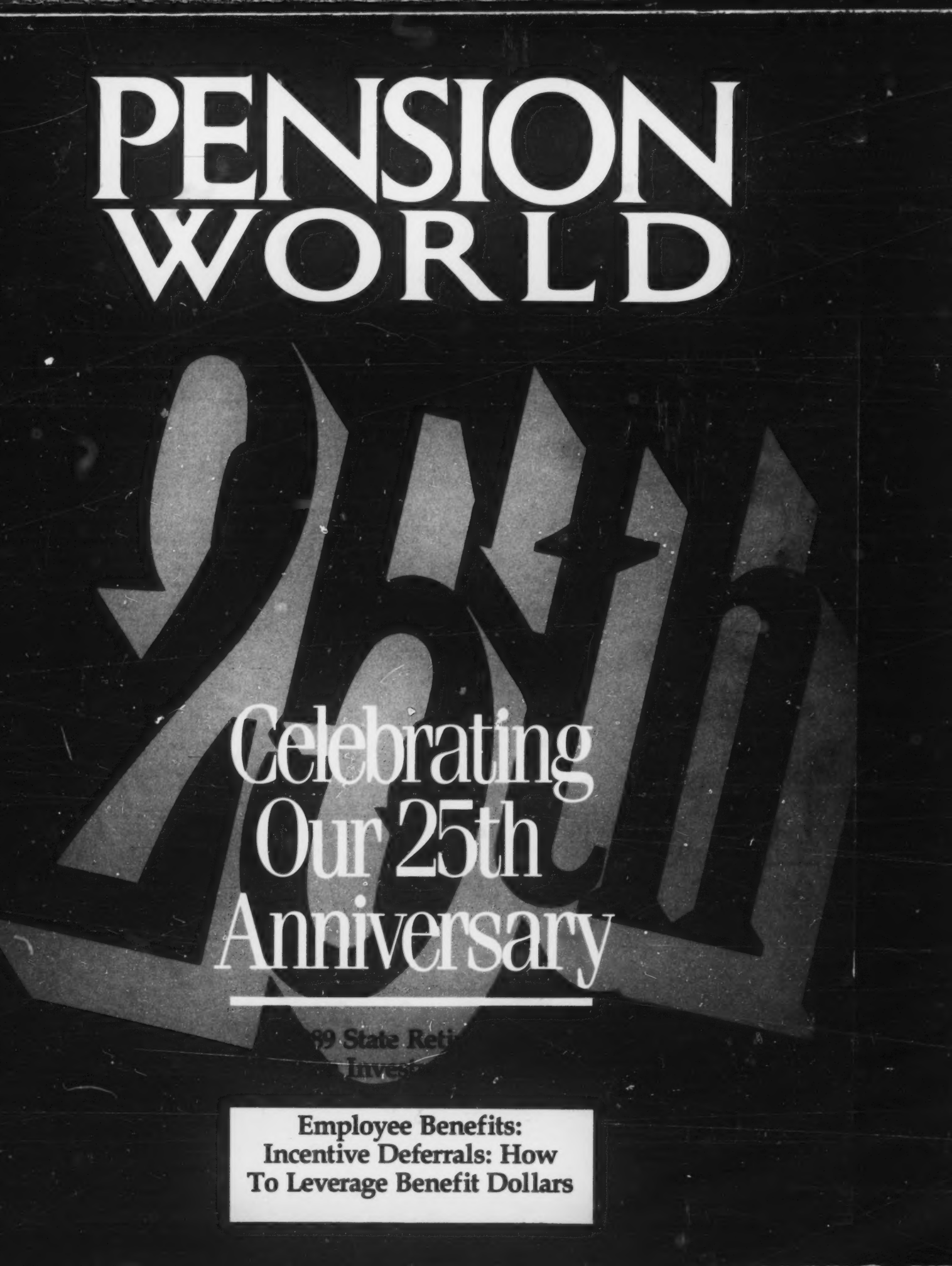
PENSION WORLD



Celebrating Our 25th Anniversary

Employee Benefits:
Incentive Deferrals: How To Leverage Benefit Dollars

Investment Managers • Plan Sponsors • Employee Benefits

A Publication Of Communication Channels, Inc.

PENSION WORLD

August 1989
Volume 25 Number 8

About The Cover: This month's issue is a salute to PENSION WORLD's involvement in the pension fund and benefits industry for the past 25 years. Cover story begins on page 14.

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For many insured plans, recent rate increases reflect the attempts by insurers to recoup previous losses.

BPA

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1989 State Retirement System Investment Survey

This directory outlines the investment practices of public-employee, teacher, police and other government retirement funds.

The 1989 State Retirement System Investment Survey, compiled by the Directory Department of PENSION WORLD, provides information on the investment practices of public-employee retirement systems, teacher and school-employee retirement systems, police and firefighter retirement systems, as well as other government retirement funds. However, the survey does not cover retirement systems of cities or individual municipalities.

This year's survey reports on 76 systems in 43 states. Last year's survey included 65 systems from 42 states. This year, PENSION WORLD mailed questionnaires to 130 statewide systems in March, giving the survey a 58.5 percent rate of return. The respondents included statewide public-employee retirement systems, educational retirement systems, umbrella-type retirement systems, as well as a host of other types of systems.

The assets of the retirement systems that responded to the survey ranged from $16 million for the Arkansas Judicial Retirement System to $48.3 billion for the California Public Employees Retirement System. Because some systems reported assets at cost, while other systems used market figures for their values, a sum of the total assets represented in the survey cannot be reported.

Generally, most of the retirement systems invested in common or preferred stock. In most cases, when this asset class was utilized, it represented the fund's largest investment. Other investments used by most of the funds were U.S. government securities and agencies, corporate bonds, mortgages, other types of real estate investments, short-term instruments and cash. Additionally, some of the retirement funds utilized guaranteed investment contracts, international investments (equity and fixed income), leveraged buyout funds, venture capital funds and certificates of deposit.

A large majority of the funds also utilized some internal management of the investments. Indeed, 10 funds reported that they are 100 percent internally managed. In last year's survey, 16 firms reported being managed 100 percent internally. In some cases, internal management was limited to certain investments, including short-term cash management.

Of the reporting retirement funds that utilize discretionary investment managers, the systems using the most were: the California Public Employees Retirement System, Florida Board of Administration, Minnesota State Board of Investment, Oregon Public Employees Retirement System, Pennsylvania State Employees Retirement System, Teachers Retirement System of the state of Illinois, Illinois Municipal Retirement Fund, Iowa Public Employees Retirement System, Kansas Public Employees Retirement System, and Public Employees Retirement System of Nevada.

The following listings are based on the information provided by the individual funds to the Directory Department of PENSION WORLD. While the magazine has attempted to prepare this information as carefully as possible, PENSION WORLD assumes no responsibility for the accuracy of the information presented in the listings.

The information contained in the 1989 State Retirement System Investment Survey was compiled by Barbara Katinsky, managing editor of the Directory Department, and John Mason, listings editor.

RETIREMENT SYSTEMS OF ALABAMA
135 South Union St.
Montgomery, AL 36130
Contact: Dr. David G. Bronner, Chief Executive Officer, (205) 832-4140

Information current as of 3/31/89; all figures at book value

Total assets: $7.4 billion
Common and preferred stock: $810.7 million
U.S. government securities and agencies: $232.0 million
Corporate bonds: $2.7 billion
Mortgages: privately held—$1.4 billion; government backed—$479.1 million
Cash and short-term securities: $790.1 million
Other investments: GIC $6.7 million; GICs $1 billion, privately placed
Percent of fund internally managed: 100%
Investment advisor: AmSouth Bank

ARIZONA STATE RETIREMENT SYSTEM
P.O. Box 33910
3815 N. Black Canyon Highway
Phoenix, AZ 85015
Contact: C. Douglas Lennon, Investment Director, (602) 255-5131

Information current as of 6/30/88; all figures at market value

Total assets: $6.4 billion
Common and preferred stock: $2.7 billion
U. S. government securities and agencies: $2.4 billion
Corporate bonds: $348.5 million
Mortgages: privately held—$230.3 million
Other real estate: $2.3 million
Cash and short-term securities: $590.7 million
Other investments: $45.3 million
Percent of fund internally managed: 1.2%
Discretionary investment managers: Invesco; Criterion; Fiduciary Trust; Boston Co.; Wells Fargo; Warburg-Global; IDS Advisory; J.P. Morgan

ARKANSAS STATE HIGHWAY EMPLOYEES RETIREMENT SYSTEM
P.O. Box 2261
Little Rock, AR 72203
Contact: Larry Dickerson, Executive Secretary, (501) 569-2515

Information current as of 3/31/89

Total assets: $264 million
Common and preferred stock: $83 million
U.S. government securities and agencies: $66 million
Corporate bonds: $90 million
Cash and short-term securities: $7 million
Investment advisors: Loomis Sayles & Co. Inc.

ARKANSAS TEACHER RETIREMENT SYSTEM
Education Bldg. West
#3 Capitol Mall
Little Rock, AR 72201
Contact: Mavolene C. Booth, Retirement Fund Investment Manager, (501) 682-1517

Information current as of 2/28/89

Total assets: $1.9 billion
Common and preferred stock: $657.4 million
U.S. government securities and agencies: $757.5 million
Corporate bonds: $79.8 million
Mortgages: privately held—$40.8 million; government backed—$6.8 million
Cash and short-term securities: $297.8 million
Other investments: $.5 million, capital notes; $24.5 million, revenue bonds
Percent of fund internally managed: 16.1%
Investment advisors: Oppenheimer Capital; First Commercial Bank

ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
One Capitol Mall
Little Rock, AR 72201-1015
Contact: Kie D. Hall, Executive Director, (501) 682-7800

Information current as of 12/31/88

Total assets: $1.2 billion
Common and preferred stock: $479 million
U.S. government securities and agencies: $561 million
Corporate bonds: $129 million
Cash and short-term securities: $20 million
Other investments: $18 million, CDs; $25 million, taxable municipal bonds & bank capital notes
Investment advisor: Loomis, Sayles & Co. Inc.

ARKANSAS JUDICIAL RETIREMENT SYSTEM
One Capitol Mall
Little Rock, AR 72201-1015
Contact: Kie D. Hall, Executive Director, (501) 682-7800

Information current as of 12/31/88

Total assets: $16 million
Common and preferred stock: $4 million
U.S. government securities and agencies: $7.5 million
Corporate bonds: $2.5 million
Cash and short-term securities: $1.5 million
Other investments: $.5 million, taxable municipal bonds and bank capital notes
Investment advisor: Loomis, Sayles & Co. Inc.

ARKANSAS STATE POLICE RETIREMENT SYSTEM
One Capitol Mall
Little Rock, AR 72201-1015
Contact: Kie D. Hall, Executive Secretary, (501) 682-7800

Information current as of 12/31/88

Total assets: $74 million
Common and preferred stock: $26 million
U.S. government securities and agencies: $16.3 million
Corporate bonds: $22 million
Mortgages: government backed—$5 million
Cash and short-term securities: $3 million
Other investments: $.75 million, CDs; $1 million, bank capital notes
Discretionary investment manager: Loomis, Sayles & Co. Inc.

CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM
400 "P" Street, P.O. Box 2749
Sacramento, CA 95812-2749
Contact: Patricia Pinkos, Investment Manager, (916) 326-3400

Information current as of 2/28/89; all figures at market value

Total assets: $48.3 billion
Common and preferred stock: $21.8 billion
U.S. government securities and agencies: $3.0 billion
Corporate bonds: $7 billion
Mortgages: $2.6 billion—privately placed; $8 billion—government backed
Other real estate: $2.9 billion
Cash and short-term securities: $2.9 billion
Percent of fund internally managed: 91%
Discretionary investment managers: International investment managers: Baring International Investment Ltd.; County Natwest Investment Management Ltd.; Fidelity International Investment Advisors; Fiduciary Trust International; Morgan Grenfell Investment Services Ltd.; Nomura Capital Management Inc.; Oeschle International Advisors; Schroder Capital Management International; State Street Bank; Trust Company of the West; Warburg Investment Management International. Domestic investment managers: Atalanta/Sosnoff; Batterymarch Financial Management; Chancellor Capital Management Inc.; Dimensional Fund Advisors Inc.; First Chicago Investment Advisors; Lazard Freres Asset Management; RCM Capital Management; Roll & Ross Asset Management Corp.; Trust Services of America
Investment advisors: Real estate: Equitable Real Estate Investment Management; F.I.A. Associates; Heitman Advisory Corp.; LaSalle Investment Advisors; TCW Realty Advisors; Deloitte, Haskins and Sells; Roulac Consulting Group

CONNECTICUT STATE TEACHERS RETIREMENT
165 Capitol Ave.
Hartford, CT 06106
Contact: Francisco Borges, State Treasurer, (203) 566-5050

Information current as of 2/28/89

Total assets: $3.5 billion
Common and preferred stock: $1.6 billion
U.S. government securities and agencies: $200 million
Corporate bonds: $1.1 billion
Mortgages: $93.3 million
Other real estate: $500 million
Cash and short-term securities: $17 million
Other investments: $40 million
Percent of fund internally managed: 25%

FLORIDA STATE BOARD OF ADMINISTRATION
P.O. Drawer 5318
Tallahassee, FL 32303
Contact: Cliff Hinkle, Executive Director, (904) 488-4406

Information current as of 3/31/89; all figures at market value

Total assets: $16.1 billion
Common and preferred stock: $6.8 billion
U.S. government securities and agencies: $3.2 billion
Corporate bonds: $2.6 billion
Mortgages: $1.4 million—government backed
Other real estate: $740 million
Cash and short-term securities: $1.3 billion
Percent of fund internally managed: 62%
Discretionary investment managers: Equity: Alliance Capital Management; Ariel Capital Management; Barnett Banks Trust Co.; Barrow, Hanley, Mewhinney & Strauss Inc.; Bear Stearns Asset Management; Delaware Investment Advisers Inc.; Denver Investment Advisors; Eagle Asset Management; IDS Growth Spectrum Advisors; Lazard Freres Asset Management; Lazard Corporate Partners; The Prudential Asset Management Co. Inc.; Sun Bank Trust Banking Group; Westwood Management Corp. Fixed income managers: Alliance Capital Management; APAM Inc. Real estate managers: Aetna Life Insurance; Equitable Life Assurance Society; First National Bank of Chicago; Goldman Sachs; John Hancock

Mutual Life; LaSalle Fund II; Lehndorff & Babson; Prudential Insurance Co.; JMB Institutional Realty Corp.

GEORGIA RETIREMENT SYSTEMS
Two Northside 75, Suite 500
Atlanta, GA 30381
Contact: C.W. Cary, Director, (404) 656-2151

Information current as of 3/31/89

Total assets: $10.3 billion
Common and preferred stock: $3.7 billion
U.S. government securities and agencies: $5.3 billion
Corporate bonds: $890 million
Mortgages: $22 million
Other real estate: $5 million
Cash and short-term securities: $491 million
Percent of fund internally managed: 100%
Investment advisors: C&S; First Wachovia; Invesco Capital Management; Atlanta Capital; Wall, Patterson, Hamilton & Allen

GEORGIA PEACE OFFICERS A&B FUND
P.O. Box 56
Griffin, GA 30224
Contact: Flynt Langford, (404) 228-8461

Information current as of 12/31/88

Total assets: $82.1 million
Common and preferred stock: $30.2 million
U.S. government securities and agencies: $23.3 million
Corporate bonds: $24.7 million
Cash and short-term securities: $4 million
Discretionary investment managers: Wellington Management Co.

TEACHERS RETIREMENT SYSTEM OF GEORGIA
Two Northside 75, Suite 400
Atlanta, GA 30318
Contact: Charles W. Cary Jr., Director, Investment Services Division, (404) 656-2151

Information current as of 3/31/89

Total assets: $7.4 billion
Common and preferred stock: $2.6 billion
U.S. government securities and agencies: $3.8 billion
Corporate Bonds: $596 million
Mortgages: $15 million
Other real estate: $3 million
Cash and short-term securities: $354 million
Percent of fund internally managed: 100%
Investment advisors: C&S Investment Advisors; Invesco Capital Management; Thorndike, Doran, Paine & Lewis; Wall, Patterson, Hamilton & Allen; Atlanta Capital Management

EMPLOYEES RETIREMENT SYSTEM OF THE STATE OF HAWAII
888 Mililani St., Room 502
Honolulu, HI 96813
Contact: Stanley Siu, Secretary, (808) 548-7593

Information current as of 6/30/88

Total assets: $3.4 billion
Common and preferred stock: $1.4 billion
U.S. government securities and agencies: $383.7 million
Corporate bonds: $333.8 million
Mortgages: $376 million; $87.6 million—government backed
Other real estate: $121.1 million
Cash and short-term securities: $569.7 million
Other investments: $141.1 million
Percent of fund internally managed: 24%
Investment advisors: Equity: Alliance Capital Management Corp.; Atalanta/Sosnoff Capital; Barrow, Hanley, Mewhinney & Strauss; Cadinha & Co.; Delaware Investment Advisors; Denis Wong & Associates; Denney & Denney Inc.; Hanson Investment Management Co.; Invesco Capital Management; McCowan & Associates Inc.; Mellon Capital Management Corp. International equities: Daiwa International Capital Management Corp.; Nomura Capital Management Inc.; Schroder Capital Management International; Nikko & Associates Inc. Bonds: Lehman Management Co. Inc.; Pacific Investment Management Co.; Scudder, Stevens & Clark Inc.; Security Pacific Investment Managers; Wentworth, Hauser and Violich

TEACHERS RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
P.O. Box 19253
2815 West Washington
Springfield, IL 62794-9253
Contact: William M. Stephens, Chief Investment Officer, (217) 753-0370

Information current as of 3/31/89; all figures at book value

Total assets: $6.9 billion
Common and preferred stock: $2.9 billion
U.S. government securities and agencies: $1.1 billion
Corporate bonds: $952 million
Mortgages: $222 million—government backed
Other real estate: $767 million
Cash and short-term securities: $892 million
Other investments: $90 million
Discretionary investment managers: Alliance Capital Management Corp.; American National Bank; Ariel Capital Management; Bears Stearns Asset Management; Bennett & Kahnweiler Realty Investors; Cedar Hill Associates; Dreyfus Management; First Chicago Investment Advisors; Frontenac Co.; F.I.A. Associates; Jones Lang Wootton Realty Advisors; JMB Institutional Realty; Kemper Financial Services; Marine Investment Management; Matuschka Moser Partners; Pacific Investment Management; N.M. Rothschild International; State Street Bank; TCW Realty Advisors
Investment advisor: Callan and Associates

ILLINOIS MUNICIPAL RETIREMENT FUND
100 S. Wacker Drive
Chicago, IL 60606
Contact: Walter J. Koziol, Investment Manager, (312) 346-6722

Information current as of 12/31/88; all figures at market value

Total assets: $3.7 billion
Common and preferred stock: $1.3 billion
U.S. government securities and agencies: $206 million
Corporate bonds: $407 million
Mortgages: $86 million—government backed
Other real estate: $337 million
Cash and short-term securities: $968 million
Other investments: $112 million, foreign bonds; $288 million, foreign stock; $40 million, venture capital
Percent of fund internally managed: 5%
Discretionary investment managers: Abbot Capital Management; American National Bank; Baring International; Campbell, Cowperthwait & Co.; Centennial Fund; Criterion Investment Management; Dillon Read Capital; Dimensional Fund Advisors; Equitable Real Estate Management; Fidelity Management Trust; First Chicago Investment Advisors; Frontier Capital Management; JMB Institutional Realty; Julius Baer Investment Management; LaSalle Advisors; Lincoln Capital Management; Neuberger & Berman Pension Management; Nomura Capital Management; Oxford Venture Capital; Payden & Rygel; Provident Investment Counsel; Schroder Capital Management; Sentinel Corp.; TCW Realty Advisors

ILLINOIS STATE UNIVERSITIES RETIREMENT SYSTEM
50 Gerty Drive
Champaign, IL 61820
Contact: Kenneth E. Codlin, Investment Officer, (217) 333-3860

Information current as of 2/89

Total assets: $3.3 billion
Common and preferred stock: $1.8 billion
U.S. government securities and agencies: $700 million
Other real estate: $400 million
Cash and short-term securities: $400 million
Discretionary investment managers: Aetna Realty Investors Inc.; Pacific Investment Management Co.; Batterymarch Financial Management; Equitable Real Estate Investment Management Inc.; Fayez Sarofin & Co.; JMB Institutional Realty Corp.; The RREEF Funds; Wells Fargo Investment Advisors
Investment advisor: Ennis, Knupp & Associates

INDIANA PUBLIC EMPLOYEES' RETIREMENT FUND
143 West Market St., Suite 800
Indianapolis, IN 46204
Contact: Philip Barnes, Investments, (317) 636-7702

Information current as of 3/31/89

Total assets: $3.2 billion
U.S. government securities and agencies: $1.4 billion
Corporate bonds: $1.3 billion
Mortgages: $250 million—government backed
Cash and short-term securities: $255 million
Discretionary investment managers: Bank One Indianapolis; Indiana National Bank; Lehman Management Co.; Prime Capital Management; T. Rowe Price

INDIANA STATE TEACHERS' RETIREMENT FUND
506 State Office Building
Indianapolis, IN 46204
Contact: Robert D. Newland, Investment Officer, (317) 232-3868

Information current as of 12/31/88

Total assets: $1.5 billion
U.S. government securities and agencies: $480 million
Corporate bonds: $500 million
Mortgages: $410 million—government backed
Cash and short-term securities: $110 million
Discretionary investment managers: Alliance Capital Management; Bank One of Indianapolis; Bank of New York; Baxter & Hoops; Indiana National Bank; Merchants Investment Counseling

IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM
600 East Court
P.O. Box 9117
Des Moines, IA 50306
Contact: Larry Thompson, Investment Officer, (515) 281-5224

Information current as of 2/28/89; all figures at book value

Total assets: $4 billion

Common and preferred stock: $1.2 billion
U.S. government securities and agencies: $605 million
Corporate bonds: $720 million
Mortgages: $149 million—privately held; $206 million—government backed
Other real estate: $398 million
Cash and short-term securities: $415 million
Other investments: 336 million—Canadian bonds, venture capital & LBOs
Percent of fund internally managed: 10%
Discretionary investment managers: Capital Guardian Trust Co; Wellington Trust Co.; Mellon Capital Management; RCM Capital Management; Batterymarch Financial Management; Prudential Equity Asset Management Co.; Invista Capital Management Inc.; J.P. Morgan Investment Management Inc.; Loomis, Sayles & Co.; The Boston Co.; Criterion Investment Management Co.; Miller, Anderson & Sherrerd; Copley Real Estate Advisory; Heitman Advisory; JMB Institutional Realty Corp.; Aldrich, Eastman & Waltch
Investment advisor: Wilshire Associates; Institutional Property Consultants

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
Capitol Tower - Second Floor
400 West 8th
Topeka, KS 66603
Contact: Marshall Crowther, Executive Secretary, (913) 232-6665

Information current as of 3/31/89

Total assets: $3.2 billion
Common and preferred stock: $1.2 billion
U.S. government securities and agencies: $584.6 million
Corporate bonds: $377.3 million
Other real estate: $290 million
Cash and short-term securities: $531.8 million
Other investments: $206.1 million
Percent of fund internally managed: .5%
Investment advisors: Callan Associates Inc.; Capital Supervisors; Investment and Capital Management; Market Research and Management; Pilgrim Baxter Greig & Associates; Provident Investment Courses; Reimer, Kogor and Associates; Peter Gamm & West; Pacific Investment Management Co.; Loomis, Sayles; J.W. O'Connor; Payden & Rygel; Nomura Capital Management; Alliance Capital Management; Julius Baer Investment Management; Marine Midland; Bankers Trust

KENTUCKY RETIREMENT SYSTEMS
151 Elkhorn Court
Frankfort, KY 40601
Contact: Marlene Castle, Investment Officer, (502) 564-7049

Information current as of 2/28/89; all figures at market value

Total assets: $2.8 billion
Common and preferred stock $894 million
U.S. government securities and agencies: $462 million
Corporate bonds: $263 million
Mortgages: $387.2 million—government backed; $3.8 million—privately held
Other real estate: $93.6 million
Cash and short-term securities: $705 million
Percent of fund internally managed: 39%
Investment advisors: Capital Supervisors Inc.; Munder Capital Management; Heitman Advisory Corp.

KENTUCKY TEACHERS' RETIREMENT SYSTEM
479 Versailles Road
Frankfort, KY 40601-3868
Contact: Stuart A. Reagan, Deputy Executive Secretary, (502) 564-2057

Information current as of 4/27/89

Total assets: $3.1 billion
Common and preferred stock: $725 million
U.S. government securities and agencies: $1.3 million
Corporate bonds: $571 million
Mortgages: $93 million—government backed
Other real estate: $38 million
Cash and short-term securities: $342 million
Percent of fund internally managed: 8%
Investment advisors: Todd Investment Advisors; Invesco Capital Management; First Kentucky Co.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
6750 Van Gogh Ave.
Baton Rouge, LA 70806
Contact: William C. Toadvin, Administrative Director, (504) 925-4810

Information current as of 6/30/88

Total assets: $182 million
U.S. government securities and agencies: $160 million
Corporate bonds: $1.2 million
Mortgages: government backed—$2.9 million
Cash and short-term securities: $4 million
Other investments: $18 million
Discretionary investment manager: Premier Bank

LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
8401 United Plaza Blvd., #270
P.O. Box 44516, Capitol Station
Baton Rouge, LA 70804
Contact: Larry D. Quisenberry, Director, (504) 925-6484

Information current as of 2/28/89

Total assets: $607.3 million
Common and preferred stock: $22.5 million
U.S. government securities and agencies: $190.8 million
Corporate bonds: $250.9 million
Cash and short-term securities: $142.5 million
Other investments: $6 million
Percent of fund internally managed: 1%
Discretionary investment manager: Hibernia National Bank

LOUISIANA STATE EMPLOYEES RETIREMENT SYSTEM
8401 United Plaza Blvd., First Floor
Baton Rouge, LA 70809
Contact: Vernon L. Strickland, Chief Investment Officer, 504 922-0639

Information current as of 2/28/89

Total assets: $2 billion
Common and preferred stock: $514 million
U.S. government securites and agencies: $769 million
Corporate bonds: $469 million
Other real estate: $70 million
Cash and short-term securities: $192 million
Other investments: $36 million
Percent of fund internally managed: 30%
Discretionary investment managers: Duff & Phelps; Denver Investment Advisors; Invesco Capital Management; The Boston Co.; Eagle Asset Management; Merus Capital Management

MAINE STATE RETIREMENT SYSTEM
State House Station #46
Augusta, ME 04333
Contact: Claude R. Perrier, Executive Director, (207) 289-3461

Information current as of 3/31/89; all figures at market value

Total assets: $1.6 billion
Common and preferred stock: $679.5 million
Corporate bonds: $436.2 million
Other real estate: $41.6 million
Cash and short-term securities: $346.8 million
Other investments: $1.8 million—oil & gas; $50 million—international equity
Discretionary investment managers: Alliance Capital; Mass Finance Putnam; First Reserve; Gouws, PCA Realty, Morgan Guaranty; Evans & Moxon; Dillon Read; Columbus Circle; Lehman Management; Bankers Trust; State Street
Investment advisor: Wilshire Associates

MARYLAND STATE RETIREMENT AND PENSION SYSTEMS
301 W. Preston St., Room 901A
Baltimore, MD 21201
Contact: Howard J. France, Chief Investment Officer, (301) 225-1024

Information current as of 3/31/89

Total assets: $9.6 billion
Common and preferred stock: $3.3 billion
U.S. government securities and agencies: $3.2 billion
Corporate bonds: $2.3 billion
Mortgages: privately held—$38.8 million; government backed—$169.1 million
Other real estate: $233.7 million
Cash and short-term securities: $222.1 million
Other investments: $23.1 million
Percent of fund internally managed: 77.5%
Discretionary investment managers: Capital Guardian; Dimensional Fund Advisors; Hagler, Mastrovita & Hewitt; Investment Counselors of Maryland; Mercantile-Safe Deposit & Trust Co.; Pacific Investment; Scudder, Stevens & Clark; Standish, Ayer & Wood; Wellington Trust.

STATE OF MICHIGAN RETIREMENT SYSTEM
Michigan Department of Treasury
P.O. Box 15128
Lansing, MI 48901
Contact: Barry L. Stevens, Acting Director, (517) 373-3140

Information current as of 3/31/89

Total assets: $15.3 billion
Common and preferred stock: $7.2 billion
U.S. government securities and agencies: $2.5 billion
Corporate bonds: $2.5 billion
Mortgages: $266 million—privately held; $619 million—government backed
Other real estate: $872 million
Cash and short-term securities: $1.1 billion
Other investments: $378 million
Percent of fund internally managed: 98%

MINNESOTA STATE BOARD OF INVESTMENT
Room 105 MEA Building
55 Sherburne Avenue
Saint Paul, MN 55155
Contact: Howard J. Bicker, Executive Director, (612) 296-3328

Information current as of 12/31/87; all figures at market value

Total assets: $10.4 billion

Common and preferred stock: $4 billion
Corporate bonds: $5 billion
Other real estate: $480 million—equity
Cash and short-term securities: $676 million
Other investments: $180 million—venture capital and resource funds
Percent of fund internally managed: 47%
Discretionary investment managers: External equity: Alliance Capital Management; BMI Capital Corp.; Concord Capital Management; Forstmann Leff Associates; Franklin Portfolio Associates Trust; IDS Advisory; Investment Advisers Inc.; Lieber & Co.; Rosenberg Institutional Equity Management; Sasco Capital Inc.; Waddell & Reed; Wilshire Associates. External fixed income: Investment Advisers Inc.; Lehman Management Co. Inc; Miller, Anderson Sherrerd; Morgan Stanley Asset Management; Western Asset Management; Fidelity Management Trust; Lincoln Capital Management Co. Alternative investment: The Equitable Life Assurance Society of the United States; Aetna Life Insurance Co.; Prudential Asset Management Co. Inc.; Heitman Advisory Corp.; The RREEF Funds; TCW Realty Advisors; State Street Bank and Trust Co. Venture capital: Norwest Venture Capital Management Inc.; Kohlberg Kravis Roberts and Co.; Smith Barney Venture Corp.; Stamps, Woodsum and Co.; DSV Partners; Matrix Management Co.; Inman Bowman Partners; Allied Advisory, Inc.; Investment Advisers Inc.; T. Rowe Price Associates Inc.; Golder, Thoma, Cressey; First Chicago Investment Advisors. Oil and gas: First Reserve Capital Management Corp.; Apache Corp.; J.P. Morgan Investment Management Inc.; British Petroleum. Minnesota supplemental investment fund GIC account: Principal Mutual Life Insurance Co.; Mutual of America
Investment advisor: Richards & Tierney Inc.

MINNESOTA STATE TEACHERS RETIREMENT ASSOCIATION
17 West Exchange St.
Suite 500, Gallery Building
St. Paul, MN 55103
Contact: Howard Bicker, Executive Director/State Board of Investment; (612) 296-3328

Information current as of 6/30/88

Total assets: $2 billion
Common and preferred stock: $1.1 billion
U.S. government securities and agencies: $511.7 million
Other real estate: $165.8 million
Cash and short-term securities: $137.4 million
Other investments: $58.8 million—venture capital; $38 million—resource

PUBLIC EMPLOYEES RETIREMENT SYSTEM OF MISSISSIPPI
429 Mississippi Street
Jackson, MS 39201-1005
Contact: Eddie B. Vandiver, Deputy Director/Investments, (601) 359-2255

Information current as of 3/31/89; all figures are market value

Total assets: $3.6 billion
Common and preferred stock: $1.1 billion
U.S. government securities and agencies: $1.5 billion
Corporate bonds: $534 million
Cash and short-term securities: $489 million
Discretionary investment managers: Dreyfus Management Inc.; Lehman Management Co.; Pacific Investment Management Co.; Bankers Trust Co.; Invesco Capital Management Inc.; Sun Bank; Criterion Investment Management Co.; Dimensional Fund Advisors Inc.; Wells Fargo Investment Advisors; Fayez Sarofim & Co.; The Boston Co.; GeoCapital Corp.

MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
P.O. Box 1665
Jefferson City, MO 65102
Contact: Keith E. Hughes, (314) 751-3666

Information current as of 12/31/88; all figures at book value

Total assets: $548.8 million
Common and preferred stock: $192.2 million
U.S. government securities and agencies: $182.6 million
Corporate bonds: $37.6 million
Other real estate: $16.6 million
Cash and short-term securities: $106.1 million
Other investments: $13.7 million
Discretionary investment managers: Equity: Delaware Investment Advisers; Invesco Capital Management; Loomis, Sayles and Co. Fixed income: Centerre Trust Co.; Hoisington Investment Management; Investment Advisers; Lehman Management Co.; United Missouri Investment Counsel Service. Real estate: JMB Institutional Realty; JP Morgan Investment Management; New England Life Copley Real Estate Advisors; TCW Realty Advisors.
Investment advisors: Prudential-Bache Securities Inc.; Institutional Property Consultants Inc.

THE PUBLIC SCHOOL RETIREMENT SYSTEM OF MISSOURI
Box 268
Jefferson City, MO 65101
Contact: Dr. David Mustoe, Executive Secretary, (314) 751-3414

Information current as of 12/31/88

Total assets: $4.3 billion
Common and preferred stock: $500 million
U.S. government securities and agencies: $1.6 billion
Corporate bonds: $1.7 billion
Mortgages: $5 million—government backed
Cash and short-term securities: $495 million
Investment advisors: DeMarche & Associates

MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM
P.O. Box 209
Jefferson City, MO 65102
Contact: M. Steve Yoakum, Executive Director, (314) 751-2342

Information current as of 4/28/89

Total assets: $1.3 billion
Common and preferred stock: $668 million
U.S. government securities and agencies: $246 million
Corporate bonds: $126 million
Mortgages: $23 million—privately held; $4 million—government backed
Other real estate: $83 million
Cash and short term securities: $145 million
Other investments: $23 million
Discretionary investment managers: Alliance Capital Management Corp.; CFW Management Co.; Investors Research Corp.; Delaware Investment Advisors; Shields Asset Management; First Chicago Investment Advisors; Eastdil Realty Inc.; Loomis, Sayles & Co.; Wentworth, Hauser & Violich; Boatmen's Trust Co.; The Kirk Organization

MONTANA PUBLIC EMPLOYEES RETIREMENT SYSTEM
555 Fuller, Capitol Station
Helena, MT 59601
Contact: Dave Lewis, Executive Director, (406) 442-1970

Information current as of 6/30/88; all figures at book value

Total assets: $664 million
Common and preferred stock: $62 million
U.S. government securities and agencies: $64 million
Corporate bonds: $448 million
Mortgages: $64 million—privately held
Cash and short-term securities: $26 million
Other investments: $.3 million—venture capital; $4.2 million—LBOs
Percent of fund internally managed: 99.9%
Discretionary investment managers: First Chicago Advisors

MONTANA TEACHERS RETIREMENT SYSTEM
555 Fuller, Capitol Station
Helena, MT 59620
Contact: Dave Lewis, Executive Director, (406) 442-1970

Information current as of 6/30/88; all figures at book value

Total assets: $539 million
Common and preferred stock: $55 million
U.S. government securities and agencies: $52 million
Corporate bonds: $345 million
Mortgages: $55 million—privately held
Cash and short-term securities: $32 million
Other investments: $.2 million—venture capital; $3.5 million—LBO
Percent of fund internally managed: 99.9%
Discretionary investment managers: First Chicago Advisors

NEBRASKA INVESTMENT COUNCIL
107 Terminal Building
941 "O" Street
Lincoln, NE 68508
Contact: Donald J. Mathes, State Investment Officer, (402) 471-2043

Information current as of 3/31/89

Total assets: $844 million
Common and preferred stock: $405 million
U.S. government securities and agencies: $68 million
Corporate bonds: $45 million
Mortgages: $238 million—government backed
Other investments: $88 million
Percent of fund internally managed: 70%
Discretionary investment managers: Alliance Capital; Kirkpatrick; Pettis; First National Bank of Omaha; Trinity; Travelers Keystone; Investment Advisers; Travelers Insurance Co.
Investment advisor: Wilshire Associates

NEBRASKA SCHOOL EMPLOYEES RETIREMENT SYSTEM
301 Centennial Mall South
P.O. Box 94816
Lincoln, NE 68509
Contact: James Powers, Deputy Director, (402) 471-2053

Information current as of 6/30/88; all figures are book value

Total assets: $589 million
Common and preferred stock: $280 million
U.S. government securities and agencies: $189 million

Corporate bonds: $50 million
Cash and short-term securities: $69 million
Investment advisors: Investment Advisers; Keystone; Provident; Alliance; Invista Capital Management; KPSP; Trinity; Commerce Management

NEBRASKA STATE PATROL RETIREMENT SYSTEM
P.O. BOX 94816
301 Centennial Mall South
Lincoln, NE 68509
Contact: James J. Powers, Deputy Director, (402) 471-2053

Information current as of 6/30/88; all figures at book value

Total assets: $58 million
Common and preferred stock: $24 million
U.S. government securities and agencies: $23 million
Corporate bonds: $6 million
Cash and short-term securities: $5 million
Investment advisors: Investment Advisers; Keystone; Provident; Alliance; Invista Capital Management; KPSP; Trinity; Commerce Management

NEBRASKA JUDGES RETIREMENT SYSTEM
P.O. Box 94816
301 Centennial Mall South
Lincoln, NE 68509
Contact: James J. Powers, Deputy Director, (402) 471-2053

Information current as of 6/30/88; all figures at book value

Total assets: $27 million
Common and preferred stock: $11 million
U.S. government securities and agencies: $11 million
Corporate bonds: $3 million
Cash and short-term securities: $2 million
Percent of fund internally managed: 77%
Investment advisors: Investment Advisers; Keystone; Provident; Alliance; Invista Capital Management; KPSP; Trinity; Commerce Management

NEBRASKA STATE EMPLOYEES RETIREMENT SYSTEM
P.O. Box 94816
301 Centennial Mall South
Lincoln, NE 68509
Contact: James J. Powers, Deputy Director, (402) 471-2053
Information current as of 6/30/88; all figures at market value

Total assets: $208 million
Investment advisors: Ameritas; United of Omaha; KPSP

NEBRASKA COUNTY EMPLOYEES RETIREMENT SYSTEM
P.O. Box 94816
301 Centennial Mall South
Lincoln, NE 68509
Contact: James J. Powers, Deputy Director, (402) 471-2053

Information current as of 6/30/88; all figures at market value

Total assets: $34 million
Investment advisors: Ameritas; New York Life; United of Omaha; Hartford; KPSP

NEBRASKA DEFERRED COMPENSATION PLAN
P.O. Box 94816
301 Centennial Mall South
Lincoln, NE 68509
Contact: James J. Powers, Deputy Director, (402) 471-2053

Information current as of 6/30/88; all figures at market value

Total assets: $20 million
Investment advisor: Hartford

PUBLIC EMPLOYEES RETIREMENT SYSTEM OF NEVADA
693 West Nye Lane
Carson City, NV 89703
Contact: Laura Wallace, Investment Officer, (702) 885-4200

Information current as of 2/28/89

Total assets: $2.8 billion
Common and preferred stock: $982.6 million
U.S. government securities and agencies: $378.8 million
Corporate bonds: $246.2 million
Mortgages: $74.6 million—privately held; $140.9 million—government backed
Other real estate: $169.5 million
Cash and short-term securities: $731.1 million
Other investments: $7 million
Discretionary investment managers: Criterion Investment Management; Invesco; Loomis-Sayles; Wellington Management; Alliance Capital Management; Wells Fargo Investment Advisors; Axe Core Investors; Columbine Venture Fund; Bay Partners Venture Fund; Golder, Thoma, Cressey Venture Fund; Summit Ventures; Menlo Ventures; Balch-Hardy Scheinman; Bankers Trust; Putnam; State Street Management; Patterson Capital; Karsten Realty Advisors; Prudential Asset Management; J.P. Morgan Investment Management; PM Realty Advisors; Heitman Advisory; TCW Realty Advisors; JMB Institutional Realty
Investment advisors; Mercer-Meidinger-Hansen; Wilshire Associates; Callan Associates

STATE OF NEW JERSEY, DIVISION OF INVESTMENT
CN 290
349 West State Street
Trenton, NJ 08540
Contact: Roland Machold, Director, (609) 292-5106

Information current as of 4/30/89

Total assets: $26.4 billion
Common and preferred stock: $10.3 billion
U.S. government securities and agencies: $9.4 billion
Corporate bonds: $1.4 billion
Mortgages: $2.6 billion—government backed
Cash and short-term securities: $2.7 billion
Percent of fund internally managed: 100%

NEW MEXICO EDUCATIONAL RETIREMENT BOARD
P.O. Box 1029
Santa Fe, NM 87504-1029
Contact: John E. Young, Investment Officer, (505) 827-8030

Information current as of 2/28/89; all figures at book value

Total assets: $1.7 billion
Common and preferred stock: $68 million
U.S. government securities and agencies: $874 million
Corporate bonds: $585 million
Mortgages: $157 million—government backed
Cash and short-term securities: $36 million
Percent of fund internally managed: 100%
Investment advisors: Vaughan, Nelson, Scarborough & McConnell Inc.

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
10 Corporate Woods Drive
Albany, NY 12211
Contact: Edward J. Reno, Securities Investment Officer, (518) 447-2750

Information current as of 12/31/88; all figures at book value

Total assets: $21.7 billion
Common and preferred stock: $9.6 billion
U.S. government securities and agencies: $3.6 billion
Corporate bonds: $4.6 billion
Mortgages: $628 million—privately held; $1.1 million—government backed
Other real estate: $330 million
Cash and short-term securities: $757 million
Other investments: $1.1 billion
Percent of fund internally managed: 84%
Discretionary investment managers: Bernstein; Lehman; Oppenheimer; Beutel Goodman; Glickenhaus; General American
Investment advisor: Buck Consultants

NORTH CAROLINA RETIREMENT SYSTEMS
325 North Salisbury Street
Raleigh, NC 27611
Contact: C. Douglas Chappell, Director, (919) 733-7282

information current as of 3/31/89

Total assets: $14.3 billion
Common and preferred stock: $3.5 billion
U.S. government securities and agencies: $2.9 billion
Corporate bonds: $6.6 billion
Mortgages: $1 billion—government backed
Other real estate: $188 million
Cash and short-term securities: $161 million
Percent of fund internally managed: 75%
Discretionary investment managers: Equity: Alliance Capital; Branch Bank and Trust Co.; Central Carolina Bank; Wellington Management Co. Real estate: NCNB National Bank; Wachovia Bank and Trust Co.; Cigna Capital; Sentinel Real Estate; Aetna Life Insurance; Goldman Sachs
Investment advisors: Equity: NCNB National Bank; Wellington Management Co.; Wachovia Bank and Trust Co.; First Citizens Bank; First Union National Bank

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
P.O. Box 1214
Bismarck, ND 58501
Contact: Leroy Gilbertson, Financial Director, (701) 224-2173

Information current as of 3/27/89

Total assets: $327 million
Common and preferred stock: $140 million
U.S. government securities & agencies: $125 million
Other real estate: $15 million
Cash and short-term securities: $1 million
Other investments: $25 million
Discretionary investment managers: Equity managers: Sanford C. Bernstein & Co.; Investment Advisers Inc.; John McStay Investment Counsel; State Street Bank; Wilshire Associates. Fixed income managers: Bank of North Dakota; Criterion Investment Management Co.; Lehman Management Co. Inc.; Western Asset Management Co.

Real estate managers: JMB Institutional Realty Corp.; J.P. Morgan Investment Management Inc.; Trust Company of the West
Investment advisor: Callan Associates

NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT
North Dakota State Investment Board
400 E. Broadway, Ste. 303
Bismarck, ND 58501
Contact: Laura Huber, Financial Analyst, (701) 224-4883

Information current as of 3/31/89; all figures at market value

Total assets: $370.1 million
Common and preferred stock: $130 million
U.S. government securities and agencies: $188.9 million
Mortgages: $7 million—privately held
Other real estate: $15.8 million
Cash and short-term securities: $34.7 million
Discretionary investment managers: Wilshire Asset Management; Bank of North Dakota; Sanford Bernstein; Criterion; Investment Advisors Inc.; Invesco Capital Management Inc.; Delaware Investment Advisors; Lehman Management Corp.

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
277 E. Town Street
Columbus, OH 43215
Contact: Robert A. McLaughlin, Investment Officer, (614) 466-7320

Information current as of 3/31/89

Total assets: $17.3 billion
Common and preferred stock: $3.7 billion
U.S. government securities and agencies: $5.1 billion
Corporate bonds: $64 million
Mortgages: $5.2 billion—government backed
Other real estate: $540 million
Cash and short-term securities: $2.6 million
Other investments: $24 million, venture capital
Percent of fund internally managed: 97%
Investment advisors: Bristol Group; CIGNA; NCNB; Rothschild Inc.; Sentinel; Wells Fargo

THE STATE TEACHERS RETIREMENT SYSTEM OF OHIO
275 East Broad Street
Columbus, OH 43215
Contact: Daniel M. Szente, Assistant Director, Investments, (614) 227-2979

Information current as of 3/31/89

Total assets: $15.4 billion
Common and preferred stock: $3.9 billion
U.S. government securities and agencies: $5.8 billion
Corporate bonds: $837 million
Mortgages: $1.1 billion—government backed
Other real estate: $1.8 billion
Cash and short-term securities: $1.6 billion
Other investments: $16.7 million, venture capital; $246.5 million, Canadian bonds; $64.9 million, miscellaneous bonds
Percent of fund internally managed: 98%
Investment advisor: Wellington Management Co.; Karsten Associates

SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
45 North Fourth Street
Columbus, OH 43215
Contact: Paul M. Kubinsky, Director of Investments, (614) 221-7012

Information current as of 2/28/89

Total assets: $2.3 billion
Common and preferred stock: $705 million
U.S. government securities and agencies: $284 million
Corporate bonds: $218.5 million
Mortgages: $559.8 million—government backed
Other real estate: $305.5 million
Cash and short-term securities: $177.1 million
Other investments: $23.5 million
Percent of fund internally managed: 94%
Discretionary investment managers: Equitable Real Estate Investment Management Co.; Prudential Asset Management Group; NCNB Trust Group
Investment advisor: Mellon Capital Management Corp.

OHIO HIGHWAY PATROL RETIREMENT SYSTEM
4795 Evanswood Drive.
Columbus, OH 43229
Contact: R. Dean Huffman, Executive Director, (614) 466-2268

Information current as of 12/31/88

Total assets: $168.8 million
Common and preferred stock: $55.3 million
U.S. government securities and agencies: $52.4 million
Corporate bonds: $27.8 million
Mortgages: $24.8 million; $5.1 million—government backed
Cash and short-term securities: $3.4 million
Investment advisor: Duff & Phelps Investment Management Co.

POLICE AND FIREMEN'S DISABILITY AND PENSION FUND OF OHIO
230 East Town Street
Columbus, OH 43215
Contact: Theodore G. Hall, Investment Manager (614) 228-4076

Information current as of 3/31/88

Total assets: $2.6 billion
Common and preferred stock: $597.7 million
U.S. government securities and agencies: $640 million
Corporate bonds and private placements: $518.1 million
Mortgages: $304.9 million—government backed
Other real estate: $136.8 million
Cash and short-term securities: $339.5 million
Other investments: $13.4 million, venture capital; $42.4 million, Canadian bonds
Percent of fund internally managed: 71%
Discretionary investment managers: Atalanta/Sosnoff Capital Corp.; Axe Core Investors; Bankers Trust; Duff & Phelps; Loomis, Sayles; Oppenheimer; Society Bank; Value Line; Copley Real Estate Advisors; TA Associates Realty
Investment advisors: Schroder Real Estate Associates; Trident/Meyer Real Estate Advisors

OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM
P.O. Box 53007
Oklahoma City, OK 73152
Contact: Harold Sinclair, Deputy Director, (405) 521-2381

Information current as of 7/1/88; all figures are market value

Total assets: $1.3 billion
Common and preferred stock: $309 million
U.S. government securities and agencies: $800 million
Corporate bonds: $214 million
Cash and short-term securities: $3 million
Discretionary investment managers; The Northern Trust Co.; First Investment Management; Sun Bank Investment Management: J. McCapital Management; Wright Investor's Service
Investment advisor: SEI

OKLAHOMA TEACHERS RETIREMENT SYSTEM
P.O. Box 53524
Oklahoma City, OK 73152
Contact: Jo Witt, Investment Director, (405) 521-3462

Information current as of 3/31/89

Total assets: $1.8 billion
Common and preferred stock: $440.4 million
U.S. government securities and agencies: $715 million
Corporate bonds: $528.3 million
Cash and short-term securities: $114 million
Percent of fund internally managed: 7%

OKLAHOMA LAW ENFORCEMENT RETIREMENT SYSTEM
P.O. Box 11414
Oklahoma City, OK 73136-0415
Contact: Mary E. Haning, Executive Director, (405) 425-2136

Information current as of 3/1/89

Total assets: $128 million
Common and preferred stock: $32 million
U.S. government securities and agencies: $57 million
Cash and short-term securities: $39 million

OREGON PUBLIC EMPLOYEES' RETIREMENT SYSTEM
158 State Capitol
Portland, OR 97207-0073
Contact: James C. George, Investment Manager, (503) 378-4111

Information current as of 12/31/88

Total assets: $9.2 billion
Common and preferred stock: $4.4 billion
U.S. government securities and agencies: $815 million
Corporate bonds: $1.4 billion
Mortgages: $460 million
Other real estate: $424 million
Cash and short-term securities: $291 million
Other investments: $270 million—LBO; $872 million—international stocks; $66 million—venture capital
Percent of fund internally managed: 33%
Discretionary investment managers: Kohlberg, Kravis & Roberts; Globe-Finlay; Daiwa International Capital Management; Cursitor-Eaton Asset Management; Matushka, Moser Partners; Nomura Capital Management Inc.; Rowe, Price-Fleming International; Philippe Advisory Corp.; BEA Associates Inc.; Columbia Management Co.; Fayez Sarofim & Co.; General American Investors Inc.; Hotchkis & Wiley; Quest Advisory Corp.; Rosenberg Capital Management; Thompson/Rubinstein Investment Management; Franklin Asset Management; Batterymarch Financial Management; Cutler & Co. Inc.; Froley, Revy Investment Co. Inc.; Harris Associates; Olympic Capital Management; Pinnacle Associates Ltd.; George B. Springman; William D. Witter

Investment advisors: Kohlberg Kravis & Roberts; Alex. Brown Realty Advisors; Frank Russell Co.; Wilshire Associates

PENNSYLVANIA STATE EMPLOYEES RETIREMENT SYSTEM
909 Green St.
Harrisburg, PA 17102
Contact: Ken Mertz, Chief Investment Officer, (717) 783-9705

Information current as of 12/31/88; all figures at market value

Total assets: $8.1 billion
Common and preferred stock: $2.7 billion
Mortgages: $556 million—privately held; $242 million—government backed
Other real estate: $567 million
Cash and short-term securities: $1.4 billion
Other investments: $63 million—venture capital; $20 million—LBOs
Discretionary investment managers: Aetna Life Insurance Co.; APA/Fostin Pennsylvania Venture Capital Fund; Barrow, Hanley, Mewhiney & Strauss Inc.; Brentwood Associates Buyout Fund; Butcher & Singer/Keystone Venture II; CEO Venture Fund-S; Connecticut General Life Insurance Co.; Copley Real Estate Advisors; Corporate Property Investors; Delaware Investment Advisers; F.I.A. Associates Inc.; Fidelity Bank; Latimer & Buck Financial Services Inc.; First Pennsylvania Bank; Fostin Capital Associates; Geewax, Terker & Co.; Genesis Seed Fund Ltd.; Heitman Advisory Corp.; JMB Institutional Realty Corp.; John Hancock; Maverick Pennsylvania Fund; McGlinn Capital Management Inc.; Mellon Bank; Miller, Anderson & Sherrerd; Murphy & Fauver; NEPA Venture Fund; Payden & Rygel; Pennsylvania Fund #1; Pilgrim, Baxter, Greig and Associates; Pittsburgh Seed Fund; PNC Venture Group I; Provident Investment Counsel; Prudential Asset Management Co.; PSI Institutional Realty; Sentinel Corp.; Sun Bank; TDH II Limited; Trintity Investment Management Corp.; Wells Fargo Investment Advisors; W. R. Huff Asset Management; Zero Stage Capital II-Central Pennsylvania Limited Partnership

PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM
P.O. Box 1165
Harrisburg, PA 17108
Contact: Jame B. Allen, Secretary, (717) 787-2065

Information current as of 1/1/89

Total assets: $225 million
Common and preferred stock: $97 million
U.S. government securities and agencies: $59 million
Corporate bonds: $28 million
Other real estate: $36 million
Cash and short-term securities: $5 million
Investment advisors: Fidelity Bank; Marine Bank; Newbold's Asset Management; Merrill Lynch; CIGNA Real Estate; JMB Realty; Prudential Real Estate
Investment advisor: Dahab Associates

PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM
Box 125
Harrisburg, PA 17108
Contact: Clay Mansfield, Chief Investment Officer, (717) 787-9060

Information current as of 12/31/88; all figures at market value

Total assets: $13.3 billion
Common and preferred stock: $4.7 billion
U.S. government securities and agencies. $3.5 billion
Corporate bonds: $1 billion
Mortgages: $1.1 billion—government backed
Other real estate: $700 million
Cash and short-term securities: $2.3 billion
Percent of fund internally managed: 6%
Discretionary investment managers: Equity: Mellon; Oppenheimer; Provident; Delaware Investment Advisers; Miller, Anderson, Sherrerd; Cashman, Farrell; Bankers Trust; Dreman Value Management; Mackenzie Financial Corp. Fixed income: Loomis Sayles; Pittsburgh National Bank; Mellon; Pimco; Criterion; Putnam; Miller, Anderson, Sherrerd; Glenmede; Delaware Advisors.
Investment advisors: Jones, Lang, Wootton; Fidelity Bank

EMPLOYEES RETIREMENT SYSTEM OF RHODE ISLAND
198 Dyer St.
Providence, RI 02903
Contact: Anthony J. Solomon, General Treasurer, (401) 277-2397

Information current as of 2/28/89

Total assets: $1.8 billion
Common and preferred stock: $800 million
U.S. government securities and agencies: $523 million
Corporate bonds: $127 million
Cash and short-term securities: $340 million
Other investments: $10 million
Discretionary investment managers: Bankers Trust; Alliance Capital; Fleet Bank; HT Investors; Van Liew Capital; Provident Investment Counsel

SOUTH CAROLINA RETIREMENT SYSTEM
P.O. Box 11778
Columbia, SC 29210
Contact: Shakun Tahiliani, Investment Coordinator, (803) 734-2641

Information current as of 12/31/88

Total assets: $5.7 billion
U.S. government securities and agencies: $2.6 billion
Corporate bonds: $1.6 billion
Mortgages: privately held—$217 million; government backed—$673 million
Cash and short-term securities: $593 million
Other investments: $4 million
Percent of fund internally managed: 100%
Investment advisor: Jamison Eaton & Wood Co.

SOUTH DAKOTA RETIREMENT SYSTEM
216 East Capital
Pierre, SD 57501
Contact: Steve Meyers, State Investment Officer, (605) 335-5023

Information current as of 6/30/88

Total assets: $1.1 billion
Common and preferred stock: $435 million
U.S. government securities and agencies: $313 million
Corporate bonds $105 million
Other real estate: $26 million
Cash and short-term securities: $180 million
Other investments: $32 million
Percent of fund internally managed: 89%
Discretionary investment managers: Dreman Value Management; Trinity; Bear Stearns; Frank Russell; Wachovia; Sentinel; Smith Vasiliou

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
13th Floor, Andrew Jackson State Office Bldg.
Nashville, TN 37219
Contact: Chuck Webb, Chief Investment Officer, (615) 741-2643

Information current as of 6/30/88; all figures at book value

Total assets: $6 billion
Common and preferred stock: $1.8 billion
U.S. government securities and agencies: $1.7 billion
Corporate bonds: $1.4 billion
Mortgages: $2.4 million
Cash and short-term securities: $702 million
Other investments: $2 million
Percent of fund internally managed: 100%

EMPLOYEES RETIREMENT SYSTEM OF TEXAS
P.O. Box 13207
Austin, TX 78711
Contact: Nancy G. Goerdel, Deputy Director of Investments, (512) 476-6431

Information current as of 2/28/89

Total assets: $5.1 billion
Common and preferred stock: $1.1 billion
U.S. government securities and agencies: $2.1 billion
Corporate bonds: $790 million
Mortgages: $998 million—government backed
Cash and short-term securities: $114 million
Percent of fund internally managed: 100%
Investment advisors: Invesco Capital Management; Duff & Phelps Investment Management Inc.; Wilshire Associates

TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
400 West 14th St.
Austin, TX 78701
Contact: Ronald Schultz, Investment Consultant, (512) 479-6021

Information current as of 12/31/88

Total assets $1.9 billion
U.S. government securities and agencies: $1 billion
Corporate bonds: $170 million
Mortgages: $650 million—privately held
Cash and short-term securities: $10 million
Percent of fund internally managed: 100%

TEACHER RETIREMENT SYSTEM OF TEXAS
1001 Trinity St.
Austin, TX 78701
Contact: Joe W. Perrone, Chief Investment Officer, (512) 397-6460

Information current as of 3/31/89

Total assets: $18.3 billion
Common and preferred stock: $5.9 billion
U.S. government securities and agencies: $4.4 billion
Corporate bonds: $2.6 billion
Mortgages: $200 million—privately held; $3.1 billion—government backed
Other real estate: $1.8 billion
Cash and short-term securities: $300 million
Percent of fund internally managed: 100%
Investment advisors: Wellington Management Co.; L.J. Melody Co.; Lomas & Nettleton; Alex Brown; Boston Co.; FIA

UTAH STATE RETIREMENT FUND
540 East, 200 South
Salt Lake City, UT 84102

Contact: W. Dan Smith, Investment Officer, (801) 355-3884

Information current as of: 2/28/89

Total assets: $3.4 billion
Common and preferred stock: $1.6 billion
U.S. government securities and agencies: $757 million
Corporate bonds: $225 million
Mortgages: $40 million—privately held; $160 million—government backed
Other real estate: $302 million
Cash and short-term securities: $300 million
Other investments: $79 million
Percent of fund internally managed: 60%
Discretionary investment advisors: State Street Bank; Dimensional Fund; Baring International; Atalanta/Sosonoff; Smoot Miller Cheney; Wasatch

VERMONT STATE RETIREMENT SYSTEM
133 State St.
Montpelier, VT 05602
Contact: George Bruce, Director of Retirement, (802) 828-2305

Information current as of 3/1/89

Total assets: $287 million
Common and preferred stock: $135 million
U.S. government securities and agencies: $2 million
Corporate bonds: $98 million
Mortgages: $2 million—privately held
Other real estate: $8 million
Cash and short-term securities: $28 million
Other investments: $12 million, GICs
Percent of fund internally managed: 5%
Discretionary investment managers: Delaware Investment Advisers; Loomis Sayles & Co.; Brundage, Story & Rose

WASHINGTON STATE DEPARTMENT OF RETIREMENT SYSTEMS
1025 East Union Ave.
Olympia, WA 98504
Contact: Judy Bushell, Accountant, (206) 586-2830

Information current as of 4/30/89

Total assets: $11 billion
U.S. government securities and agencies: $2 billion
Corporate bonds: $587 million
Mortgages: $131 million—privately held; $587 million—government backed
Cash and short-term securities: $425 million
Other investments: $8 billion—CTFs
Percent of fund internally managed: 65%
Discretionary investment manager: Wells Fargo Bank; Mellon Capital Management Corp.; Frank Russell Co.
Investment advisors: Wells Fargo Bank; Mellon Capital Management Corp.; Frank Russell Co.

STATE OF WEST VIRGINIA RETIREMENT SYSTEMS
Room E-120 State Capitol Building
Charleston, WV 25305
Contact: Mary O. Hudson, Assistant Treasurer for Investments, (304) 346-9100

Information current as of 3/31/89

Total assets: $2.2 billion
U.S. government securities and agencies: $1.3 billion
Corporate bonds: $386 million
Mortgages: $81.1 million—privately held; $283 million—government backed
Cash and short-term securities: $173 million
Investment advisors: Investment Advisors Inc.; Duff & Phelps; Charleston National Bank

STATE OF WISCONSIN INVESTMENT BOARD
121 E. Wilson St.
P.O. Box 7842
Madison, WI 53707
Contact: Marshall Burkes, Executive Director, (608) 266-2381

Information current as of 6/30/88

Total assets: $18.2 billion
Common and preferred stock: $7.4 billion
U.S. government securities and agencies: $7.8 billion
Mortgages: $153 million
Other real estate: $344 million
Cash and short-term securities: $2.6 billion
Percent of fund internally managed: 100%

WYOMING RETIREMENT SYSTEM
First Floor, Herschler Building
Cheyenne, WY 82001
Contact: Terry Hanley, Director, (307) 777-7691

Information current as of 12/31/88; all figures at market value

Total assets: $1.2 billion
Common and preferred stock: $310 million
U.S. government securities and agencies: $192 million
Corporate bonds: $199 million
Mortgages: $431 million—government backed
Cash and short-term securities: $89 million
Discretionary investment managers: Dreman Value; Alliance Capital Management Co.; Trinity Asset Management; Bear Stearns; Lehman Management; Wyoming National Bank-Casper

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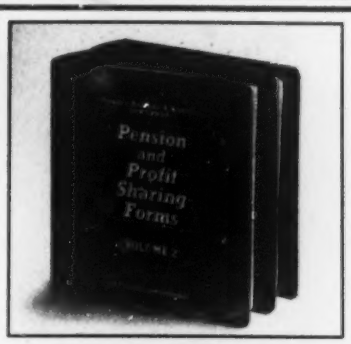

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PHIS-PW8/89

State Employee Health Plan Costs Rise 20%

For many insured plans, recent rate increases reflect the attempts by insurers to recoup previous losses and return to profitability.

BY JOHN P. MACKIN, Senior Vice President
Martin E. Segal Co., New York

The average cost of state employee health benefit plans increased about 20 percent during the year ended January 1989. More than one-fourth of the state plans reported cost increases in excess of 30 percent, and in six states the cost of the basic indemnity plan jumped by more than 40 percent.

State health benefit plans have experienced sharp cost increases for two consecutive years. The major factors contributing to the rising costs of state and all other health plans include renewed medical inflation, hospital cost shifting, advances in medical technology and treatment, and changing utilization patterns. For many insured plans, recent rate increases also reflect the attempts by insurers to recoup previous losses and return to profitability. In some states, changing plan demographics have fueled the rise in health plan costs.

The principal findings of Martin E. Segal Co.'s 1989 and 1988 surveys of state health benefit plans contrast sharply with the findings of the firm's 1987 and 1986 annual surveys. Although averages conceal the very wide diversity in state plan benefits and costs, in 1989 and 1988 the average total cost for the 50 state plans increased by substantially more than the medical component of the Consumer Price Index, (see Chart 1).

In early 1989, the Segal Co. surveyed the 50 state plans to obtain current information on plan participants and monthly contributions. The survey covers plan participants and HMO participation as of January 1989, and contributions to each of the 50 state plans for January 1989 and January 1988 for employee only coverage, employee and family coverage, and retiree only coverage.

The contribution data summarized is for basic indemnity plans. Figures regarding average costs for the 50 state plans and the distribution of plans by the percentage of the total cost paid by the state are based on the low option indemnity plan for states with multiple benefit plans.

As of January 1989, the 50 state health benefit plans covered more than four million active employees and retirees. The figures shown in Table A total 3,192,900 covered employees and 827,100 covered retirees. For California and New York, however, the figures shown are for state employees and retirees only, and exclude the thousands of local government employees covered by these two state-administered plans.

HMO participation varies widely among the 50 states, as shown in the right-hand portion of Table A. The number of HMOs offered ranges from zero in six states to 10 or more in 13 states. States that offer more than 25 HMOs include California, New York, Ohio and Wisconsin.

In January 1989, the 50 state plans offered a total of 398 HMOs, compared to a total of 445 a year earlier. States that reduced the number of HMOs offered and experienced decreases in the percentage of employees covered by HMOs include Colorado, Florida, Illinois, Michigan, Ohio and South Carolina. On the other hand, a few states added HMOs and covered employees, including California, Tennessee and Texas.

Approximately one million or 32 percent of the 3.2 million employees covered by the 50 state plans were enrolled in HMOs as of January 1989. The percentage of employees enrolled in HMOs

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varies dramatically—from less than 10 percent in 14 states to more than 50 percent in seven states.

Almost three-fifths of the states (29 of the 50) currently pay 100 percent of the cost for employee only covereage under the basic indemnity plan. During the year ended January 1989, the number of states that pay the full cost for employees decreased from 31 to 29 and the number that pay less than 70 percent increased from three to five states.

From January 1988 to January 1989, the total cost for employee only coverage increased in 41 states, remained the same in eight states, and decreased slightly in one state. Percentage increases in the total cost for single coverage ranged from less than 10 percent in seven states to more than 30 percent in 14 states. Six states—Arizona, Minnesota, New Mexico, Vermont, Washington and Wisconsin—experienced cost increases for employee only coverage in excess of 40 percent.

The average total cost for employee only coverage increased to $111.89 for January 1989 from $93.11 for January 1988. Although the percentage changes in individual plan costs varied substantially, the 20.2 percent increase in the average total cost for employee only coverage was almost triple the 7 percent rise in national medical care costs as measured by the CPI.

Slightly less than one-fourth of the states (12 of the 50) pay for the full cost of health benefits for employees and their dependents. Between 1988 and 1989 the distribution of plans by the state's share of the total cost for employee and family coverage changed (see Chart 3).

As of January 1989, 27 states were paying less than 80 percent of the total cost for employee and family coverage under the basic indemnity plan. In 10 of these 27 states, the state's share was less than half the total cost for family coverage.

From January 1988 to January 1989, the total cost for employee and family coverage increased in 42 states, remained the same in seven states, and decreased in one state. Percentage increases ranged from less than 10 percent in seven states to more than 30 percent in 15 states. Six states—Arizona, Indiana, Kansas, Minnesota, Vermont and Washington—experienced increases of more than 40 percent in the total cost for family coverage.

Among the 38 state plans where employees contribute for employee and family coverage, the average employee cost was $88.55 for January 1989 (or 17.9 percent higher than the average employee cost of $75.09 for January 1988). In 14 of the 38 states, the employee's out-of-pocket cost for family coverage exceeds $100 a month.

For the 50 state plans, the average total cost for family coverage increased 20.8 percent to $256.66 for January 1989 from $212.45 for January 1988. The percentage

TABLE A

PARTICIPANTS IN STATE EMPLOYEE HEALTH BENEFIT PLANS AS OF JANUARY 1989

STATE	EMPLOYEES COVERED BY PLAN [a]	RETIREES COVERED BY PLAN [b]	HMO PARTICIPATION		
			NUMBER OF HMOs OFFERED	EMPLOYEES ENROLLED IN HMOs NUMBER	PERCENT
ALABAMA	33,300	7,000	1	3,400	10
ALASKA	12,500	9,900	0	0	0
ARIZONA	41,100	1,800	4	23,700	58
ARKANSAS	18,100	3,500	0	0	0
CALIFORNIA [c]	210,800	79,300	28	175,900	83
COLORADO	22,700	[d]	2	11,000	48
CONNECTICUT	56,000	17,000	9	11,900	21
DELAWARE	26,000	9,000	2	7,000	27
FLORIDA	106,500	12,400	19	28,700	27
GEORGIA	161,000	33,000	4	13,000	8
HAWAII	36,800	20,800	3	11,100	30
IDAHO	14,500	2,100	2	1,300	9
ILLINOIS	118,600	45,700	17	58,100	49
INDIANA	33,800	0	6	15,400	46
IOWA	28,100	3,100	7	4,500	16
KANSAS	35,500	7,200	5	13,200	37
KENTUCKY	113,000	19,700	8	53,000	47
LOUISIANA	71,100	25,300	6	30,400	43
MAINE	15,800	6,600	0	0	0
MARYLAND	66,000	18,000	10	24,700	37
MASSACHUSETTS	95,600	34,800	18	62,100	65
MICHIGAN	59,600	22,400	18	23,000	39
MINNESOTA	52,900	8,300	8	29,100	55
MISSISSIPPI	44,000	3,500	0	0	0
MISSOURI	36,800	5,300	7	8,500	23
MONTANA	10,200	1,800	0	0	0
NEBRASKA	13,000	100	4	4,000	31
NEVADA	17,500	2,000	1	4,500	26
NEW HAMPSHIRE	10,000	4,800	3	800	8
NEW JERSEY	249,700	54,100	20	72,500	29
NEW MEXICO	17,000	2,100	1	7,000	41
NEW YORK [c]	241,000	79,100	27	66,300	28
NORTH CAROLINA	214,600	63,000	2	17,200	8
NORTH DAKOTA	13,000	1,700	3	1,200	9
OHIO	52,800	[d]	28	32,200	61
OKLAHOMA	43,700	26,500	4	10,400	24
OREGON	26,000	2,500	7	10,000	38
— BUBB PLAN	17,000	2,000	5	4,000	24
PENNSYLVANIA	86,600	45,900	22	12,400	14
RHODE ISLAND	18,400	12,900	4	5,000	27
SOUTH CAROLINA	131,400	31,700	2	10,200	8
SOUTH DAKOTA	12,100	1,500	0	0	0
TENNESSEE	58,800	2,600	9	7,900	13
TEXAS	119,600	24,500	23	50,500	42
UTAH	12,400	3,900	2	2,300	19
VERMONT	6,400	1,800	1	800	13
VIRGINIA	92,600	15,000	4	8,800	10
WASHINGTON	74,000	15,500	10	43,500	59
WEST VIRGINIA	81,300	20,100	3	2,200	3
WISCONSIN	53,600	14,300	26	44,500	83
WYOMING	10,100	2,000	1	300	3

[a] Approximate total number or covered employees, including employees enrolled in HMOs.
[b] Approximate total number of covered retirees.
[c] Participants shown are state employees and retirees only (i.e., figures exclude local employees and retirees).
[d] Retired state employees are covered by a separate health benefit plan for all retired members of the state public employees retirement system.

CHART 1

Year Ended January	Percentage Increase (Jan. to Jan.) CPI Medical Care Component	Average Total Cost-50 State Plans Employee Only	Employee & Family	Retiree Over 65
1989	7.0%	20.2%	20.8%	18.0%
1988	6.2	14.1	12.8	11.3
1987	7.5	5.3	4.8	4.6
1986	6.9	3.5	2.8	1.7

CHART 2

State's Share of Total Cost for Employee Only Coverage	Number of State Plans 1988	1989
100%	31	29
90% - 99%	7	8
80% - 89%	4	5
70% - 79%	5	3
Less than 70%	3	5

CHART 3

State's Share of Total Cost for Employee and Family Coverage	Number of State Plans 1988	1989
100%	12	12
90% - 99%	4	3
80% - 89%	7	8
70% - 79%	8	7
60% - 69%	3	3
50% - 59%	7	7
40% - 49%	6	7
Less than 40%	4	3

CHART 4

State's Share of Total Cost for Single Retiree Age 65 or Over	Number of State Plans 1988	1989
100%	16*	20*
90% - 99%	3	3
80% - 89%	3	2
70% - 79%	1	—
50%	1	1
10% - 49%	2	4
0%	24**	20**

* Includes states that pay 100% only for retirees with many years of service.
** Includes Indiana and Nebraska, which do not cover retirees 65 and over under their state health benefit plans.

CHART 5

Paying For Medicare's Catastrophic Coverage

Year	Additional Part B Monthly Premium	Income Tax Surcharge Per $150 of income tax liability	Percent of income tax	Maximum per individual/couple
1989	$ 4.00	$22.50	15%	$ 800/$1,600
1990	$ 4.90	$37.50	25%	$ 850/$1,700
1991	$ 7.36	$39.00	26%	$ 900/$1,800
1992	$ 9.20	$40.50	27%	$ 950/$1,900
1993	$10.20	$42.00	28%	$1,050/$2,100

rise in the average total cost for family coverage was substantially higher than in the three previous years.

States are concentrated at the opposite ends of the spectrum in terms of the state's share of the total cost for retiree only coverage. Currently, 20 states make no contributions toward the cost of retiree health care benefits, while 20 pay for the full cost of coverage for some or all single retirees age 65 or over with Medicare (see Chart 4).

Among the 48 state plans that make access to coverage available to retirees, the average cost of coverage for a single retiree 65 or over with Medicare was $72.81 for January 1989; or 18.0 percent higher than the $61.68 average for January 1988.

During the year ended January 1989, two states that previously made no contributions began contributing toward the cost of retiree health benefits. Oklahoma now pays 100 percent, and Tennessee contributes about 38 percent of the cost for single retirees with 30 or more years of service. Other states that increased their share of the cost include Connecticut (80 percent-100 percent) and Delaware (91 percent-100 percent).

Five states relate their payment toward the cost of retiree health coverage to years of service, as follows:

- Colorado Retirement System pays $4.75/month per year of service to $95/month for 20 or more years.
- Florida Retirement System pays up to $2/month per year of service to $60/month for 30 or more years.
- Kentucky Retirement System pays a percentage of the total cost based on years of service: 25 percent for four-nine years, 50 percent for 10-14 years, 75 percent for 15-19 years, and 100 percent for 20 or more years.
- New Jersey pays 100 percent for retirees with 25 or more years of service and for disability pensioners; retirees with less than 25 years pay the full cost.
- Tennessee pays $7/month for retirees with 15-19 years of service, $10.50/month for 20-29 years, and $14/month for 30 or more years.

In many states, the growing number of politically effective retired public employees will continue to lobby for legislation providing for payment by the state of a larger portion of the cost of their health care coverage. Some states may increase their share of total costs for retirees, and a growing number will relate their share of total plan costs to the retiree's years of service.

Several states have authorized studies of the actuarial liabilities and funding costs for retiree health benefits. How-

ever, only a couple of states are currently funding retiree health care benefits on an actuarial reserve basis during the employees' working years.

The Medicare Catastrophic Protection Act of 1988 necessitates a comprehensive review and redesign of retiree health benefit plans. The expanded and new Medicare benefits will be financed by an additional Part B monthly premium, and by a federal income tax surcharge for Medicare-eligible individuals (see Chart 5).

For 1989, the total Part B monthly premium is $31.90, consisting of a basic premium of $27.90 and an additional $4 for catastrophic coverage. Since 1987 the Part B premium has increased by more than 75 percent—from $17.90 in 1987 to $24.80 in 1988, and to $31.90 for 1989. By 1993 the total Part B premium may exceed $50 a month.

Seven states—California, Connecticut, Hawaii, Massachusetts, New Jersey, New York and Ohio—currently pay all or a portion of the Medicare Part B premium for some or all retirees 65 and over. As the additional Part B premium and income tax surcharge for catastrophic coverage increase in each of the next four years, retired public employees may seek relief in the form of reimbursement for part or all of the Part B premiums or larger post-retirement benefit increases for over-65 retirees. When states consider the various options for revising retiree health benefits packages, some may decide to begin paying all or part of the Medicare Part B premiums.

The Medicare Catastrophic Protection Act provides states and other health plan sponsors with an opportunity to reevaluate retiree health benefits. The expansion of benefits and addition of prescription drug coverage provides Medicare beneficiaries with more extensive health coverage, yet still does not cover some important, and expensive, health care services.

If states had not implemented a wide variety of cost management initiatives, the average cost of health plans covering state employees may have increased by considerably more than 20 percent during the year ended January 1989.

Cost management measures implemented by state plans include: precertification and preadmission review programs; managed care programs; individual case management; hospital length of stay assignments, concurrent review and discharge planning; second surgical opinion programs; incentives for outpatient surgery and for diagnostic and preadmission tests performed on an outpatient basis; limitations on benefits for weekend admissions; audits of hospital and doctor bills; home health care benefits; hospice benefits; wellness benefits and incentives for healthier lifestyles.

Among state health plans, a major development in the area of cost management is the introduction of precertification programs. Roughly half the state plans have instituted some type of precertification or preadmissioin review program.

Also, a growing number of state plans are implementing managed care and large case management programs. State plans that started managed care programs during the past year include Connecticut, Maine, Massachusetts and New Hampshire. Case management programs recently have been implemented by the state plans in Georgia, Illinois, Missouri, Montana, South Carolina and South Dakota.

PPOs, or preferred provider arrangements, have been established by about two-fifths of the state employee health benefit plans. Recent developments include the addition of PPO networks in Illinois, Maryland and Michigan; changes in PPO coverages and incentives in Florida and Oregon; and the negotiation of hospital discounts with a substantial majority of the providers to employees covered by the Kentucky plan.

A few state plans, including the North Dakota and South Carolina plans, have negotiated discounts for prescription drugs or implemented preferred pharmacy programs. Several additional state plans recently have established mail order drug programs or modified copay provisions to encourage the use of generic drugs.

To a much greater extent in the future, state health benefit plans will be designed to influence choices about care and providers. In addition, there is likely to be a greater recognition of the importance of communications as a vehicle to encourage covered employees and retirees to become more cost conscious consumers of health care. The experience of state plans indicates that well-designed cost management initiatives can influence providers and make the health care system more cost effective. □

PPOs have been established by about two-fifths of the state plans.

Editor's Note: The complete survey report, including tables showing contributions to each of the 50 state employee health benefit plans for January 1989 and January 1988 for employee only coverage, employee and family coverage, and retiree only coverage, may be obtained from Dr. John P. Mackin, Senior Vice President, Martin E. Segal Co., 730 Fifth Ave., New York, N.Y. 10019.